

OFFICE OF THE MAYOR

24 March 2017

Submission to the Council

REPORT ON FIRST DRAFT BUDGET

Purpose

Purpose of this report is to present to the Council the First Draft Budget for 2017/2018.

Background

Chapter 4, Section 28 of the Municipal Finance Management Act No. 56 of 2003 prescribes. The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Contents of annual budgets and supporting documents

- (1) An annual budget of a municipality must be a schedule in the prescribed format
 - (a) Setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) Appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) Setting out—
 - (i) Estimated revenue and expenditure by vote for the current year; and
 - (ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.
- (3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:

(a) Draft resolutions

- (i) approving the budget of the municipality;
- (ii) Imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and
- (iii) approving any other matter that may be prescribed;

(b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;

(c) a projection of cash flow for the budget year by revenue source, broken down per month;

(d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;

(e) any proposed amendments to the budget-related policies of the municipality;

(f) particulars of the municipality's investments;

(g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;

(h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;

(i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;

(j) particulars of any proposed allocations or grants by the municipality to—

- (i) other municipalities;
- (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions

or powers;

(iv) any other organs of state;

(v) any organisations or bodies referred to in section 67(1);

(k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of

- (i) each political office-bearer of the municipality;
- (ii) councillors of the municipality; and
- (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;

(l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of—

- (i) each member of the entity's board of directors; and
- (ii) the chief executive officer and each senior manager of the entity;

and

(m) any other supporting documentation as may be prescribed.

Recommendation

- 1.1 That the Council take note and approve the report on the First Draft Budget 2017/2018**
- 1.2 That the Council take note and approve the changes in the general tariff list for 2017/2018 budget year.**
- 1.3 That the Council take note and approve the operating budget as well as the Capital Budget for the coming financial year 2017/2018.**

Mr. XT MATWA
MAYOR

28/03/2017
Date